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MS SERIES.

G.U. No. Letter 4471

Dated 1948

[Despatch Abstract]

Distilleries - Administration of distilleries in Madras. Report - Forwarded.

No. 1187-IMP/48.
GOVERNMENT OF INDIA.
Ministry of Industry and Supply.

New Delhi, the 19th June 1948.

To

All Provincial Governments.

Sub:- Power alcohol industry.

Sir,

I am directed to invite attention to section 2 of the Indian Power Alcohol Act, 1948, a copy of which is enclosed and to state that the Government of India will be grateful, if, pending the enforcement of the Act, they are consulted before any action affecting the development of the Power Alcohol Industry is taken by the Provincial Government. I am also to request that the Government of India may be furnished with a report on the administration by the Provincial Government of distilleries if any in their Province.

Yours faithfully,

(Sd) x x x x
For Deputy Secretary to the Govt.
of India.

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ACT NO. XXII OF 1948.

An Act to provide for the development of the power alcohol industry.

Whereas it is expedient in the public interest that the power alcohol industry should be developed under the control of the Central Government;

It is hereby enacted as follows:-

1. Short title, extent and duration:- (I) This Act may be called the Indian Power Alcohol Act, 1948.

2. It extends to all the Provinces of India.

3. This Act or such portion thereof shall come into force in such area, and on such date as the Central Government may, by notification in the official Gazette, specify in this behalf.

2. Declaration as to expediency of Central Government's control:- It is hereby declared that it is expedient in the public interest that the Central Government should take under its control the development of the power alcohol industry.

3. Definitions:- In this Act, unless there is anything repugnant in the subject or context:-

(a) "molasses" means the heavy, dark-coloured residual syrup drained away in the final stage of the manufacture of sugar by vaccum pans in sugar factories either from sugarcane or by refining gur, when such a syrup has fermanentable sugars (expressed as reducing sugars), but does not include the final residual syrup left in the manufacture of sugar by the open pan process;

(b) 'petrol' means dangerous petroleum as defined in clause (b) of section 2 of the Petroleum Act, 1934 (XXX of 1934);

(c) 'power alcohol' means ethyl alcohol containing not less

than 99.5 per cent by volume of ethanol measured at sixty degree Fahrenheit corresponding to 74.4 over proof strength.

4. Production of power alcohol:- (I) No person shall manufacture power alcohol from any substance other than molasses or other substance as may be specified by the Central Government.

(2) If any dispute arises as to whether any substance is or is not molasses, the decision of an officer, authorised by the Central Government in this behalf, regarding such dispute shall be final and shall not be called in question in any Court.

5. Power to regulate production and disposal of power alcohol:- The Central Government may regulate the production and disposal of power alcohol by any distillery situated in any area in which this section is for the time being in force.

6. Power to direct use of power alcohol as motive Power:-(I) The Central Government may, by notification in the official Gazette, direct that in such area as may be specified therein no petrol shall be sold or kept for sale except with an admixture of power alcohol.

(2) The proportion of petrol and power alcohol in such mixture shall in any area and for any purpose be such as may from time to time specified by the Central Government but such proportion of power alcohol in the case of mixture with petrol meant for use as motive power for any motor vehicle shall not be more than twenty-five per cent or less than five per cent by volume.

(3) The power alcohol to be employed for such mixture shall be obtained from such distilleries as may, from time to time be specified by the Central Government.

(7). Penalty:- Whoever contravenes any of the provisions of sections 4 and 6 or any order of the Central Government issued thereunder shall be punishable with imprisonment which may extend to six months or with fine not exceeding one thousand rupees or with both, and in the case of a continued contravention with a further fine which may extend to one hundred rupees for every day during which the contravention is continued after conviction therefor.

(8). Delegation of powers:- The Central Government may, by notification in the official gazette, direct that any power conferred by this Act shall, subject to such conditions, if any, as may be specified in the direction, be exercisable also by:-

(a) such officer or authority subordinate to the Central Government; or

(b) such Provincial Government or such other officer or authority subordinate to a Provincial Government as may be specified in the direction.

9. Offences to be bailable:- All offences punishable under this Act or any rule made thereunder shall be bailable within the meaning of the Code of Criminal Procedure, 1898 (V of 1898).

10. Power to make rules:- (I) The Central Government may, by notification in the official Gazette, make rules for the purpose of carrying into effect the provisions of this Act.

(2) In particular and without prejudice to the generality

of the foregoing powers, such rules may:-

(a) provide for the licensing of the manufacture of power alcohol;

(b) Prescribe the specifications and tests in respect of the purity of power alcohol intended for admixture with petrol in order to ensure its suitability for use in motor vehicles;

(c) fix the price at which power alcohol may be sold for the purpose of admixture with petrol;

(d) provide for imposing and collecting a duty of excise on power alcohol intended for admixture with petrol;

(e) prescribe conditions in respect of the transport and storage of power alcohol intended for admixture with petrol and for the manner in which the admixture is to be effected;

(f) prescribe the submission by a manufacturer of power alcohol or importer or distributor of petrol of returns regarding the power alcohol and petrol manufactured, purchased, stored or sold as the case may be;

(g) provide for denaturing of power alcohol at the distilleries.

(h) provide for any other matter which is to be or may be prescribed under this Act.

(3) Rules made under this Act may provide that any contravention of such rules shall render the offender liable on conviction to a fine not exceeding one thousand rupees.

11. Power of exemption:- Notwithstanding anything contained in this Act, the Central Government may by notification in the official gazette, declare that any of the provisions of this Act shall not apply to any case or class of case.

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Sub:- Distilleries - Administration - Report - Submitted.

Spirits are produced in Distilleries and used partly for issue as arrack partly for issue as denatured and rectified spirits. The Distilleries are in charge of Assistant Inspectors who control the process of manufacture and issues from the beginning to the end. Arrack is supplied to the shops either direct from distilleries or from depots or from warehouses to which place, Spirit of high strength is first transported and there made ready for issue as arrack by the addition of water. A warehouse is in charge of a Sub Inspector who attends to the collection of duty besides other supervision. So far as the Pharmaceutical Laboratories are concerned, these are places where spirituous medicinal and toilet preparations are prepared. The Rectified Spirits required for this purpose is transported from distilleries and the duty on the finished preparations is collected at a concessional rate of Rs. 5/- or Rs. 17-8-0 per proof gallon according to the nature of preparation against Rs. 35/- per proof gallon, the ordinary rate of duty for Rectified Spirits. These institutions are in charge of Sub Inspectors who levy duty on the finished preparations keeping the entire stock under their control. The Laboratories at Masulipatam and Trivellore which come under this category are in charge of Assistant Inspectors as the manufacture is complicated and as distillation is involved.

At present there are nine distilleries in the Province. They are:-

(1) Vizagapatam.
(2) Thummapala.
(3) Samalkot.
(4) Vuyyuru.
(5) Hospet.
(6) Nellikuppam.
(7) Tachanallur.
(8) Vyasarpady.
(9) Badrachalam.

A brief note about each distillery is given below.

(i) V.C.C. Distillery, Vizagapatam:- Messrs. Vizagapatam Commercial Corporation own this distillery. This is situated at Kancharapakkam, Vizagapatam district. The nearest railway station, viz., Waltair R.S. is about two miles from the Distillery. The Distillery has not got a sugar factory attached to it. The distillery is supervised by Sub Inspector assisted by three peons. The cost of the staff is met by the Distillers, now. There are two patent stills at the distillery. Till 1.6.47 they were distilling arrack from jaggery and ippa flowers, required for a portion of Vizagapatam district consisting of Golkonda, Sarvasidhi, Gudem, Vizagapatam, Sringavarapaukottah, Visianagram, Bhimilipatam, Chiprupallee, Parvathipur, Bobbili, Salur and Palconda taluks. Both 350 U.P. and 60 U.P. were issued from this distillery. Ippa arrack was issued as 60 U.P. coloured. After the introduction of molasses arrack in this area, distillation of jaggery arrack ceased and the distillery lost its importance considerably. From 1.6.47 the area was supplied with molasses arrack by Messrs. Vizagapatam Commercial Corporation, the arrack being obtained from Samalkot Distillery. From 1-10-47 the area is supplied from Anakapalli warehouse by Messrs. Parry and Co., Messrs. Vizagapatam Commercial Corporation have been permitted to distil spirits from jaggery solely for the manufacture of Indian Made Foreign Spirits. The Distillers are not producing denatured spirits as the distillery is not capable of producing spirits of strength high enough for denatured spirits, viz., 50° U.P. The production of jaggery arrack when they were distilling spirits for arrack and the production now is given below:-

Production for arrack.
April 45 to March 46 136832- O.P. Gallons.

Production now.

July 1947 to March 1948 25970.4 P. Gallons.

2. V.S. and R. Limited, Thummapala:- This Distillery is owned by a Bombay Firm, viz., Thummapala Vizagapatam Sugars and Refinery Limited. This is situated in Thummapala, Vizagapatam district, about two miles from Anakapalli R.S. The distillery is supervised by an Assistant Inspector assisted by a Sub Inspector and three peons. The cost of the staff is met by the Government. The proprietor owns a sugar refinery to which the distillery is attached. The molasses produced in the Factory is used in the manufacture of spirit at the distillery. The out-season which runs turn of molasses in the Factory is over 800 tons in a season which runs from December to May. About 64,000 proof gallons of spirits can be produced from this molasses. There are two patent stills at the distillery, one Barbet and the other of the same pattern fabricated in India. Both the stills are in working condition. Spirits of strength varying from 60° to 65° O.P. can be produced in this distillery. The two stills are together capable of producing over 1,500 proof gallons a day. But the present production is limited to the actual requirements. Spirits are produced partly for issue as arrack and partly for issue as denatured and rectified

spirits. At present the production is mostly for arrack and that for denatured spirits is very small. About 2 lakhs of proof gallons were produced in 1947-48 out of which only 7 thousand proof gallons were issued as denatured and rectified spirits. The distillery supplies the other portion of the Vizagapatam District consisting of Anakapalle, Veeravalli, Chicacole, Thekali, Pathapatnam, Ichapur and Sompetta taluks. From this distillery two sorts of arrack are issued, one 35° U.P. and the other 60° U.P. The low strength arrack viz., 60° U.P. liquor is intended mostly for agency portion attached to this distillery. Bulk of the issues is 60 U.P. liquor. Arrack was also being distilled from Ippa flowers. Owing to the difficulty of procuring suffieient ippa flowers distillation from the ordinary base of molasses and jaggery is allowed. As the molasses is not sufficient to meet their full requirements, they have been permitted to distil both from jaggery and molasses.

3. D.S. & A.Company, Samalkot:- This distillery belongs to Deccan Sugar and Abkari Company and it is managed by Messrs. Parry and Company Limited. There is a sugar refinery attached to this distillery which produces molasses. This distillery is supervised by an Assistant Inspector assisted by two Sub Inspectors and 7 peons. The cost of the staff is met by the Government. The distillery produces spirits mostly for arrack and also for denatured spirits, rectified spirits, Methylated spirits and Indian Made Foreign spirits, from molasses. The average annual output to molasses in the Sugar Factory is about 2,700 tons. There are two patent stills of Illege's type at the Distillery and they are in working condition. The highest strength that can be manufactured at present varies from 55 O.P. to 60 O.P. The two stills are capable of producing 2,400 proof gallons a day. About five lakhs of proof gallons were produced in 1947 out of which about 40 thousand proof gallons were for denatured spirits and methylated spirits and the rest for arrack. This distillery is situated near the railway station, viz. Samalkot railway station. Recently a quantity of 30 thousand proof gallons was permitted for export to Orissa Province, from this distillery. The Distillery was supplying the districts of East and West Godavary, Kistna, Guntur and Nellore with molasses arrack upto 31.3.1947. From 1.4.1947 the contract for the districts of Kistna, Guntur and Nellore was given to another distiller. A warehouse which was fed by this distillery at Bezwada and supplying arrack to these three districts was closed from 1.6.1947. The warehouse at Nidadavele attached to this distillery is supplying arrack to the district of West Godavary. From 1.10.47 the distillery was given the contract for supply of arrack to the portion of Vizagapatam district which has hitherto being supplied by Messrs. Vizagapatam Commercial Corporation. A new warehouse at Anakapalli was opened for distribution of arrack to this area and it is functioning from 1.10.1947. Spirits required for Indian Made Foreign spirits are also produced in this distillery but this is very small.

4. K.C.P. Limited, Vuyyuru:- This distillery is owned by a local company, viz., The Kirshan Chemicals and Pharamaceuticals Limited, Vuyyuru. This is situated on the Bezwada Masulipatam Road about 20 miles from Bezwada Railway station. The distillery is supervised by an Assistant Inspector, one Sub Inspector and six peons. The cost of the Sub Inspector and two peons is met by the Government and the rest by the distillers. A sugar factory belonging to the same company at Vuyyuru is attached to this distillery. The average annual output of molasses at the sugar factory is about 4000 tons during a season. There is a patent still of French Pattern fabricated in India at the Distillery. It is in working condition. It is capable of producing about 1,400 proof gallons per day. The highest strength that can be distilled is about 70 O.P. in a single distillaton. The distillery was first opened in September 1945 solely for the manufacture of denatured spirits and rectified spirits. During 1945-46 about 50 thousand proof gallons were ppoduced and it was issued as denatured spirits. From 1.4.47 contracts for supply of arrack to Kistna, Guntur and Nellore

Districts was given to this distillery. The production accordingly increased and during 1947 the production was 3,03,457proff gallons. It is now supplying Kistna district only after the introduction of prohibition in the other two districts. Permission was granted to this company to export 40,000 proof gallons to seven warehouses in Orissa Province. From 1.7.1947 they have been permitted to export to only one warehouse in Orissa Province the quantity being 15,000 proof gallons per mo

(5) I.S.& R. Limited, Hospet:- This distillery is owned by a Bombay Firm, viz.,Indian Sugars and Refinery Limited. It is attached to the Sugar Factory owned by the company at the same place. This distillery is situated about two miles from the railway station. A staff of one Assistant Inspector and three peons supervise the distillery. The cost of the staff is met by the company. The distillery was opened in August 1946. As prohibition was introduced from 1.10.46 in Bellary district a licence was granted under the Prohibition Act for the production of rectified spirits and denatured spirits only. The outturn of molasses at the Sugar Factory is about 2,500 tons, capable of producing about 2 lakhs of proof gallons. At present the production is limited to the requirements. There is one patent still of French type which is in working condition. The highest strength that can be produced is about 68.6 O.P. in a single distillation. The still is capable of producing 1,512 proof gallons a day. The base is molasses. During the period from Septmber to December 1946 61,293.8 proof gallons of spirits was produced. During 1947 the production was 1,29,359.4 proof gallons. Denatured spirits manufactured in this distillery is mainly exported to Bombay. Owing to transport difficulties the Company finds it difficult to export as much as they want.

6. E.I.D. & S.F. Limited, Nellikuppam:-This distillery situated in South Arcot district is the biggest in this Province. It is owned by the East India Distilleries and Sugar Factories Limited and managed by Messrs. Parry and Company Limited. A staff of one Assistant Inspector, 2 Sub Inspectors and seven peons are stationed for supervision purposes at this distillery. The cost of the staff is met by the Government. The distillery is attached to the Sugar Factory and it uses the molasses produced in the Sugar Factory for the manufacture of spirits. The annual output of molasses atthe Sugar Factory is about 16 thousand tons during a season. The Distillery is producing spirits required both for arrack and denatured and rectified spirits. There are three stills of illege's type in working condition. The three stills together are capable of producing 6 thousand proof gallons a day. The highest strength that can be distilled in the stills in a single distillation various from 55 O.P. to 65 O.P. There is also a double rectificator for the production of double rectified spirits. After the introduction of Prohibition from 1.10.46 the production of spirits have fallen and as Prohibition extends production continues to fall. During 1946-47 12 lakhs of proof gallons were produced out of which about 3 lakhs of proof gallons were issued as denatured and rectified spirits about 60 thousand proof gallons was issued as Indian Made Foreign spirits and the rest as arrack. During this year, they were supplying arrack to the district of South Arcot, Chingleput, Malabar, Nilgiris, Trichy and Tanjore through their warehouses at Olavakode, Trichy and Coonoor. As molasses arrack was introduced in Madras and Madura districts they supplied spirits required to these areas to the Madras and Madura warehouses. From 1.10.47 warehouses at Coonoor, Trichy and Olavakode were abolished. They opened a warehouse at Tinnavelly from that date to supply Tinnevelly district as contract for that district was given to this distillery. Tinnevelly warehouse was abolished from 1.4.1948 as the contract for that district was given to another distillery from that date. They continue to supply spirits required for Madras City to the Madras warehouse. Denatured spirits are issued not only for use within this Province for outside. Recently they were permitted to export

rectified spirits to the Standard Pharmaceuiticals Limited, Calcutta.

7. Al.Vr.St. Veerappa Chettiar's Distillery, Tachanallur:-

This distillery is situated in Tachanallur in Tinnevelly district about two miles from Tinnevelly Junction Railway Station. It is owned by Al.Vr.St. Veerappachettiar of Karakudi. It is attached to a Sugar Refinery which also belongs to the same proprietor. The distillery is supervised by an Assistant Inspector, one Sub Inspector and three peons. The molasses out turned from the Refinery was being used for production of Spirits. There is a patent still of Bliers pattern, which is in working condition. It is capable of producing 63 O.P. in a single distillation. The production is about 900 proof gallons per day. The distillery was supplying spirits for Madura and Ramnad districts through a warehouse at Madura established by the distillers. As the Sugar Refinery did not work from 1943 they were distilling arrack from Palmyra jaggery. After the introduction of molasses arrack in Madura and Ramnad districts production of jaggery arrack ceased and spirits required for Ramnad district alone was produced at their Distillery from molasses and that for Madura district being obtained from Nellikuppam Distillery. From 1.10.47 the Madura warehouse was closed down due to the introduction of Prohibition in Madura district. From that date supplies for Ramnad district was met direct from the Distillery from 1.4.1948 contract for supply of arrack to Tinnevelly district was given to the distillers. As they had no stock of molasses owing to their failure to work their sugar factory they have been permitted to distil from jaggery. About 60 thousand proof gallons were produced in 1947 out of which 760 proof gallons were issued as denatured spirits and the rest as arrack. They also produced Indian Made Foreign Spirits but this production is very small.

8. The Nadars Distilleries Limited, Vyasarpady:- This distillery belongs to the Nadars Distilleries Limited and is managed by Messrs. Fraser and Ross. It was originally at Renigunta producing arrack for Madras district. After the introduction of prohibition in Chittoor district in 1938 this distillery which is not capable of producing spirits of high strength. There were six pot stills in use when the distillery was in full working condition. Spirits were produced only from jaggery and supplied to Madras City through their warehouse at Madras. After the introduction of molasses arrack in Madras City distillation from jaggery ceased. Practically the distillation has stopped from 1.4.1947, the supplies being obtained from Nellikuppam Distillery. They were permitted to continue distillation from jaggery for Indian Made Foreign Spirits but this quantity is small. The supervision is done by a Sub Inspector and three peons the cost of the staff being met by the distillers. Only two pot stills are now in use and the rest have been disconnected. The production at present is very small.

9. The Nadars Distilleries Limited, Badrachalam:-This distillery belongs to the Nadars Distilleries Limited and is managed by Messrs. Fraser and Ross. It produces only 60 U.P. liquor for supply to agency taluks of Badrachalam and Nagur. The arrack is coloured. Originally the arrack was manufactured from Ippa flowers as the arrack was intended only for backward agency areas. Owing to the difficulty of procuring sufficient Ippa flowers the distiller was permitted to distil from jaggery or molasses. Now they are distilling from jaggery. There are three pots stills at the distillery and they are not capable producing spirits of high strength. The distillery is supervised by an Assistant Inspector and seven peons. The cost of the staff

is met by the Government. The distillery is inspected by the Inspector, Godavary Agency Circle and is under the control of the Collector and Agent to the Government of Madras, East Godavari District. It is situated in Badrachalam town. The production during 1947 was 44037.2 proof gallons of arrack.

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GOVERNMENT OF MADRAS.
Development Department.

Letter/Miscellaneous No. 4471.

From

Sri. W.R.S. Sattianathan, I.C.S.,
Secretary to Government.

To

The Secretary to the Government of India,
Ministry of Industry and Supply,
New Delhi.

Dated, Fort St. George, the 1st September 1948.

Sir,

Sub:- Distilleries - Administration of Distilleries in Madras Province - Report - Forwarded.

Ref:- From the Ministry of Industry and Supply, letter No. 1187-IMP/48 dated 19.6.1948.

With reference to the Government of India's letter cited, I am directed to forward herewith a report on the administration of distilleries in the Madras Province.

Yours faithfully,

(Sd) W.R.S. Sattianathan,
Secretary to Government.

›py To the Board of Revenue (Excise) with reference to its letter No. D.1241/Abk. dated 13.8.1948.

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/True cop

Superintendent,
Madras Record Office.

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